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Reagan raps Congress for delaying Contra aid

Marxist menace gains in region, he tells nation

By Jeremiah O'Leary
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THE WASHINGTON TIMES

President Reagan last night called on Congress for an "up-and-down vote on freedom in Nicaragua," insisting that further delay on aid to the rebels fighting that country's Marxist regime "plays right along with the communist game plan."

"While we may have tied our hands, the Soviets, Cubans and Libyans haven't tied theirs," Mr. Reagan said in a nationally televised news conference.

Mr. Reagan urgently is seeking a House vote this month on his $100 million arms-and-equipment request for the resistance forces fighting Nicaragua's Sandinista leaders.

The Soviets, Mr. Reagan said, have given the Sandinistas $1 billion in aid and "some of the most fearsome weapons in the Soviet arsenal."

"The communist strategy is simply to hold off American aid as long as possible in the hope they can destroy all opposition before help arrives," Mr. Reagan said. "We must act now in a bipartisan way to do the right thing, to rescue freedom in Nicaragua and protect the national security of the United States."

The president would not detail any U.S. contingency plans should the Nicaraguan resistance be defeated.

"We have not planned for any contingency beyond aiding the Contras," Mr. Reagan said. "The freedom fighters we believe are capable at the very least of applying sufficient leverage that could bring the Sandinista government to the negotiating table for a settlement. We would prefer that over a military settlement if that can be done."

Administration sources have said Mr. Reagan would accept $50 million immediately from the House if that is the best he can get now, with the other $50 million being provided later.

In a separate development yesterday, Central Intelligence Agency Director William J. Casey was quoted as telling a congressional delegation that Soviet pilots are flying reconnaissance missions over Nicaragua for the first time.

Reps. E. Thomas Coleman, Missouri Republican, and Earl Hutto, Florida Democrat, told reporters of the Casey revelation after a White House meeting of lawmakers who support the administration's aid request.

"For the first time we have seen Soviet intelligence-gathering flights over Nicaragua," Mr. Coleman quoted Mr. Casey as saying.

The allegations of new reconnaissance flights came as the chairman of a key House Foreign Affairs subcommittee yesterday said millions of dollars in U.S. aid to the Nicaraguan rebels was misused during the last year, charges one Republican called "McCarthyism."

Rep. Michael Barnes, the Maryland Democrat who chairs the House Western Hemisphere affairs subcommittee, said the alleged misuse included nearly $750,000 in rebel aid that was paid to government officials in Honduras.

But Republicans denied the allegations, while officials from the Government Accounting Office said they did not reach the same conclusion based on their evidence.

Frank C. Conahan, director of GAO's national security and international affairs division, said "there is a significant possibility" that some of the $27 million in humanitarian aid was misused, but their audit turned up no firm evidence.

During highly partisan and sometimes heated subcommittee meeting, GAO auditors said millions of dollars in rebel aid were paid to suppliers and brokers with U.S. bank accounts, but little of the money could be traced back to Central America.

"The examination of the bank records has for the most part only raised more questions," Mr. Conahan testified. "Moreover, there is enough evidence to be concerned that humanitarian assistance may not be reaching the intended beneficiaries. But I don't see a conclusion that these funds have been misused."

But Mr. Barnes, who has led the House fight against President Reagan's proposed $100 million rebel aid request, said the findings of the audit "surpassed my worst fears. It can only be described as shocking.

"We know for a fact that these people who submitted receipts to the State Department did not get their money," Mr. Barnes said. "I'm absolutely convinced that there is evidence of criminal activity."

Rep. Henry Hyde, Illinois Republican, said the allegations smacked of "McCarthyism, which is defined as making serious charges against people whether or not you have evidence. History repeats itself."

Administration officals called the ongoing investigation spearheaded by Mr. Barnes "a fishing expedition" and reacted angrily over the charges made yesterday.

"There is a pattern of hostility here, a conscious and willful misrepresentation of the facts," one administration official said. "The charge that the program is totally out of control is wrong."

The GAO audit into the $27 million in non-lethal aid centered on $12.2 million purportedly spent to buy rebel supplies outside the United States. Mr. Conahan said those funds were paid to bank accounts, principally in Miami, that belonged to brokers and suppliers of clothing, medical goods and other non-lethal items.

Under the repayment system, Mr. Conahan said, brokers and suppliers submitted vouchers for goods purchased outside the United States.

The bank records studied by GAO, the investigative arm of Congress, were obtained by subpoenas issued by the subcommittee on May 8. In testimony this spring, GAO of-

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ficials said the State Department was unable to verify that the supplies were used for their intended purpose or actually were delivered to the anti-Sandinista forces.

The current audit found that of $4.4 million that was paid by the Treasury Department to four brokers, only $185,434 could be traced as being paid back to Central America suppliers who submitted vouchers to receive the funds. Other funds were found to have been diverted to U.S. corporations and individuals or banks in the Cayman Islands or the Bahamas.

In one instance, the audit found, a broker received $243,750 for rebel supplies. But the audit showed that two checks were subsequently issued by the broker, one for $113,750 and one for $130,000, to the government of a Central American country. In another case, one supplier that received $6.6 million for goods later sent a check for $450,000 to the commander in chief of a Central American country.

GAO refused to identify the country, but Mr. Barnes said it was Honduras, an allegation that infuriated Republican members of the committee.

Staff writers Roger Fontaine and Thomas D. Brandt contributed to this report.

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